GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:299
ANSWERED ON:16.03.2001
100% EXPORT ORIENTED UNITS
PRABHAT KUMAR SAMANTARAY;PUTTASWAMY GOWDA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are losing a huge amount of revenue from 100% export oriented units;

(b) if so, the details thereof along with the details of such companies;

(c) the factors responsible for revenue loss;

(d) whether any check has been conducted in respect of imports done under various export promotion incentive schemes in order to prevent loss of revenue; and

(e) if so, the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT TO THE LOK SABHA STARRED QUESTION 299 TO BE ANSWERED ON FRIDAY, THE 16TH MARCH, 2001 C
100% EXPORT ORIENTED UNITS

(a)&(b): The EOU Scheme provides for duty freeimport/indigenous procurement of inputs/capital goods required by the units essentially set up for export production. These benefits are provided to neutralize incidence of duties suffered in inputs/capital goods used for export production as a conscious policy of the Government to boost exports and cannot be termed as leading to loss of revenues. Control measures and checks are prescribed to enforce the provisions of the scheme and to detect abuses, if any. Some cases of abuse and violations of the provisions of this scheme by various 100% EOUs have been detected.

(c) : The investigations in cases involving abuse or violations of this scheme show various modus operandi and factors responsible include ingenious and fraudulent manipulation of various prescribed documents and records by the units, abuse of the trust placed and the facility of relaxed physical control with stress on documentary control mechanism provided to encourage exports.

(d) : Special checks have been conducted from time to time by issue of specific instructions to field formations to check proper utilization of the imports effected by 100% EOUs. Latest checks were ordered in December, 2000. Even forthe imports and exports effected by persons claiming benefit of other export related schemes, critical checks are being carried out by Custom Houses at the time of imports/exports to prevent abuse possibilities/loss of revenue. Intelligence Agencies of the Department of Revenue are also alert to unearth any abuses and violations of the other export related schemes and for initiating necessary action as provided in the law to prevent any loss of revenue.

(e) : As a result of the various checks in respect of 100% EOU Scheme, 208 cases involving duty of Rs.326 crorehave been detected in the current financial year. As a result of the checks/investigations conducted under various other export related schemes, a number of cases of abuse have also been detected. These are at different stages of investigation/adjudication. Action is being taken in all cases where abuse is detected.